

Exhibit 6

1 UNITED STATES DISTRICT COURT

2 DISTRICT OF MINNESOTA

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4 IN RE: CENTURYLINK SALES PRACTICES

5 AND SECURITIES LITIGATION

6 MDL No. 17-2795 (MJD/KMM)

7 This Document Relates to:

8 Civil File No. 18-296 (MJD/KMM)

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10 30(B)(6) DEPOSITION OF THE STATE OF OREGON,

11 MICHAEL VITERI AS REPRESENTATIVE

12 THURSDAY, MARCH 5, 2020

13 VOLUME I

14
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16
17 BE IT REMEMBERED THAT, the 30(B)(6) deposition of THE
18 STATE OF OREGON, MICHAEL VITERI AS REPRESENTATIVE was
19 reported by Mary C. Soldati, Registered Professional
20 Reporter and Certified Shorthand Reporter, on Thursday,
21 March 5, 2020, commencing at the hour of 9:35 a.m., the
22 proceedings being reported at the Offices of Stoll
23 Berne, PC, 209 SW Oak, Suite 500, Portland, Oregon
24 97204.
25

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1 intelligence. They use natural language processors to
2 go through 10-Ks and 10-Qs to get a sense of the tone of
3 senior management and what they're saying or not saying.
4 That could be significant.

5 So it's public information, but it's not 13:37:09
6 necessarily financial information.

7 Q. I see. And your testimony is that the active
8 managers that OST uses are relying not just on financial
9 market information, but also other resources; is that
10 correct? 13:37:29

11 MR. MUELLER: Object to the form of the
12 question.

13 THE WITNESS: Other unique data sources or
14 research that potentially adds value -- that they
15 believe adds value. 13:37:42

16 BY MR. MARTIN:

17 Q. Can you give me an example of some of these other
18 unique data sources that active managers rely on, as
19 they attempt to beat indices?

20 A. Sure. Many trades end up having trade 13:37:56
21 publications, whether it be oil or energy or retail or
22 mall or real estate.

23 Many managers might subscribe to lesser known
24 trade publications. They might try to gather data from
25 those trade publications or any data those managers 13:38:18

1 testify, but he's not being offered as an expert witness
2 on efficiency markets.

3 He's been prepared on the six topics that
4 you've identified, and it's starting to get a little bit
5 outside those topics. But I'll let him continue to 14:08:27
6 answer the questions.

7 MR. MARTIN: Keil, I'm asking about a policy
8 document that is put out by the Oregon State Treasury.
9 I think it's clearly within the scope of the notice.

10 MR. MUELLER: You're asking about the policy 14:08:41
11 document, but your questions are going beyond the scope
12 of just the policy.

13 So I've made my objection. You can ask your
14 question.

15 MR. MARTIN: Okay. 14:08:48

16 BY MR. MARTIN:

17 Q. So did you finish your answer?

18 A. Could you restate the question?

19 Q. Yeah. It's a challenge.

20 A. Next. 14:09:02

21 Q. Yeah. The question that I was asking was, it's
22 difficult to beat the market, but -- under the
23 semi-strong hypothesis, but Oregon's strategy is
24 expressly to select active managers that can and will,
25 right? 14:09:28

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1 A. Correct.

2 Q. And they do that, at least in part, by exploiting
3 market inefficiencies, right?

4 MR. MUELLER: Object to the form of the
5 question.

14:09:39

6 THE WITNESS: I would say that they're
7 implementing market strategies that exploit dislocation.

8 BY MR. MARTIN:

9 Q. Dislocation is another word for inefficiency; is
10 it not?

14:09:55

11 MR. MUELLER: Object to the form. You can
12 answer.

13 BY MR. MARTIN:

14 Q. Dislocation is a form of inefficiency; is it not?

15 A. Not in this context, not if you're talking about
16 Efficient Market Hypothesis.

14:10:24

17 It's three different forms and dislocation. To
18 me, they mean different things.

19 So again, I brought up the closed end fund
20 strategy, which is primarily invested in by high net
21 worth individuals and their certified financial
22 planners.

14:10:38

23 Typically, there's a road show that goes out when
24 the fund is started. A closed-end fund, it's not like a
25 mutual fund, open ended, you stick your money in the S&P

14:10:51

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1 Q. So do you remember which news articles you read?

2 A. They're on Bloomberg. I have no idea who was the
3 author.

4 Q. Do you recall reading any articles about
5 CenturyLink prior to the ones you're thinking about now? 15:36:56

6 A. No.

7 Q. No?

8 A. It was really kind of the June 16th whistleblower
9 article that came out on Bloomberg. And then the
10 subsequent one that came out on the 19th of June. 15:37:11

11 And then the attorney general article, not
12 article, but lawsuit and that information came out
13 July 12th, I think 2017.

14 Q. And you remember reading those articles
15 independent of seeing them referenced in the Complaint, 15:37:25
16 I take it?

17 A. I remember the whistleblower because it was
18 CenturyLink and it happened right around the time as
19 Wells Fargo.

20 So the subsequent releases and data, it was 15:37:38
21 just -- that's just noise. It's just more information.
22 This was going on. It was systemic.

23 Q. I see.

24 So you view the CenturyLink -- sorry. You view
25 the -- what is it? The June -- it's somewhere. The 15:37:53

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1 Bloomberg article about --

2 A. June 16th.

3 Q. June 16th. You view that as the significant
4 news, and everything after that you said you was just
5 more of the same? 15:38:09

6 MR. MUELLER: Objection. That's beyond the
7 scope of the noticed topics.

8 THE WITNESS: That was the significant news,
9 in which it came out that those sales practices, the
10 cramming that was going on, the bait and switch or I 15:38:20
11 guess lying, extortion or whatever you want to call it,
12 that was going on, and the fact within that news
13 article, the senior management had been hiding them.

14 They had known for a long period of time.
15 They knew what the practices were. So I just recall 15:38:34
16 that it was -- it's pretty similar to what was going on
17 with Wells Fargo at the same time.

18 BY MR. MARTIN:

19 Q. You said that the June 16th article was the big
20 one, and then you said the subsequent releases and data, 15:38:46
21 that's just noise. Is that your testimony?

22 MR. MUELLER: Objection. Beyond the scope
23 of the noticed topics. You can testify as to your
24 personal opinion.

25 THE WITNESS: More substantiation of what 15:38:57

1 was going on.

2 BY MR. MARTIN:

3 Q. Substantiation of the June 16th article?

4 A. Of the cramming and the illegal sales practices
5 that were going on at CenturyLink. It was more 15:39:07
6 information that kept on coming out. And price drops
7 that were occurring at that time on June 16th, June 19th
8 and June 12th does.

9 Q. June 12th or July?

10 A. I'm sorry. June 16th, June 19th, July 12th. 15:39:20

11 Q. I see. So you thought the June 19th and July
12 13th [sic] confirmed what was in the 16th article?

13 MR. MUELLER: Same objection. He can
14 testify to his personal knowledge.

15 THE WITNESS: Provided further 15:39:40
16 substantiation that this was systemic. This was
17 happening for quite a while, and it was happening across
18 multiple states, across more than half their client
19 base.

20 BY MR. MARTIN: 15:39:52

21 Q. Those articles referenced allegations and
22 lawsuits, correct?

23 MR. MUELLER: Same objections.

24 THE WITNESS: My recollection was that the
25 first article that came out June 16th was really the 15:40:03

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1 providing other -- other -- concentrating on -- on -- on
2 key customers, and not addressing what was actually
3 happening, what was actually boosting revenues, at
4 CenturyLink, which was these practices on cramming and
5 basically kind of illegal, unethical -- but mostly 15:54:28
6 illegal activity.

7 When the news came out, that's when the stock
8 price took a hit. As more information came out on June
9 19th -- I'm sorry -- on the 19th and then on the 12th,
10 again the substantiation that this was systemic. It was 15:54:43
11 happening throughout the board and price dropped again.

12 BY MR. MARTIN:

13 Q. So your position is what made June different from
14 these earlier complaints is that it was a systemic
15 top-down scheme. That is the difference, in your view? 15:55:00

16 MR. MUELLER: Objection. Misstates
17 testimony. Witness is not here to offer expert opinion
18 testimony. You can answer the question.

19 THE WITNESS: It has to do the fact that
20 senior management lied about the cramming practices and 15:55:12
21 illegal practices, sales practices that CenturyLink was
22 engaging in. They perpetrated the lie.

23 BY MR. MARTIN:

24 Q. But your view is that the practices themselves
25 may have been known prior to that? 15:55:27

1 MR. MUELLER: Objection. Misstates
2 testimony.

3 THE WITNESS: There may have been some
4 individual instances of something happening, but not in
5 any meaningful systematic way that I recall. 15:55:39

6 All that information -- the dam broke on
7 June 16th, 2017.

8 BY MR. MARTIN:

9 Q. I understand that. I'm trying to figure out why
10 Oregon believes that that -- the dam broke on that day, 15:55:53
11 given all of this news prior to that.

12 A. Because it came out --

13 MR. MUELLER: Objection. That's outside the
14 scope of the...

15 THE WITNESS: At that time, it came out with 15:56:04
16 a whistleblower complaint and lawsuit, that management
17 knew of these practices, that these practices were
18 inflating revenue at CenturyLink.

19 These practices were illegal and
20 unsustainable and management still hid that. When the 15:56:20
21 information came out that senior management had been
22 lying, that basically broke the trust of the investment
23 community, and that's why you ended up seeing a price
24 drop happening on June 16th.

25 Again, more information on June 19th; 15:56:34

1 their service, their understanding of what the customers
2 want, when in fact, it was the shenanigans that were
3 going on with respect to how they were treating clients.

4 Q. And then I presume that Oregon reviewed the
5 materials cited in Appendix A prior to purchasing 16:13:49
6 CenturyLink securities?

7 A. What time period are you speaking?

8 Q. Has the State of Oregon, prior to initiating this
9 litigation, had the State of Oregon ever read any of the
10 documents cited in Appendix A? 16:14:14

11 A. I have no knowledge as to whether any of Oregon's
12 managers had read these specific documents.

13 They very well might have written -- or read
14 10-Ks, 8-Ks, been involved in earnings call.

15 But again, we give our managers that discretion 16:14:32
16 as part of their research process.

17 Q. You have no idea whether anyone in Oregon or its
18 external managers read any of the documents listed in
19 Appendix A?

20 A. Over what time frame? 16:14:46

21 Q. Prior to the commencement of this litigation.

22 A. I have no recollection. We certainly did
23 internally. And I have no knowledge of any of our
24 external managers having -- I have no knowledge of
25 managers specifically looking at these documents 16:15:01

1 referenced in Appendix A.

2 Q. I just want to make sure I understand what you
3 said correctly, based on what I'm seeing.

4 You said you have no recollection, you certainly
5 did not internally or certainly did internally? 16:15:13

6 A. We managed three portfolios internally that had
7 exposure to CenturyLink, their systematic strategies,
8 quantitative strategies.

9 We don't do fundamental internal analysis, so
10 there's no reason for internal portfolio managers, 16:15:31
11 myself or any of my co-workers, to look at these
12 documents or to sit in on earnings calls. Our
13 strategies are systematic.

14 Q. You wouldn't rely on these documents in executing
15 the strategies that you've explained to me that are 16:15:48
16 internal to OST?

17 MR. MUELLER: Object to the form of the
18 question.

19 THE WITNESS: No.

20 MR. MARTIN: Let's break for five minutes. 16:16:20

21 THE VIDEOGRAPHER: We are off the record at
22 4:15.

23 (Break taken.)

24 THE VIDEOGRAPHER: We are back on the record
25 at 4:25. 16:25:20

1 of senior management broke the trust of the investment
2 community; is that accurate?

3 A. I would say that's accurate. And it was
4 crystallized in the price drops that had occurred. The
5 investment community relies on senior management of 16:27:05
6 publicly traded companies to be truthful in what they're
7 representing.

8 Q. And your view after June 16th, 2017, is that
9 CenturyLink had perpetrated an enormous fraud on the
10 investing public; is that accurate? 16:27:22

11 A. The senior management had engaged the six
12 individuals; Glen Post Stewart Ewing, David Cole and
13 three other defendants.

14 They were senior management. They were the ones
15 that were covering up. They were the ones that knew 16:27:39
16 that was going on.

17 Q. And that's what made June 16th, 2017 so
18 significant?

19 MR. MUELLER: Objection.

20 THE WITNESS: June 16th, June 19th and then 16:27:48
21 subsequent to that, July 12th. Those are all
22 significant dates.

23 BY MR. MARTIN:

24 Q. Right. And they were significant again because
25 they revealed the company to be essentially engaged in 16:28:02

1 going on with -- with the customers.

2 MR. MUELLER: Just answer the questions.

3 BY MR. MARTIN:

4 Q. So I just want to make sure I understand your
5 testimony. 16:29:52

6 So on June 16th, 2017 the State of Oregon
7 understands for the first time that CenturyLink is
8 engaged in widespread fraud. That's your testimony?

9 A. I would say the market understands, as a whole,
10 what was occurring at that point in time. 16:30:11

11 Not just Oregon. Oregon -- its managers were
12 aware of the information that was coming out and a new
13 pricing reflected in the pricing that occurred on that
14 particular day, the price drop occurred as a reflection
15 of the news information that came out on cramming and on 16:30:27
16 senior management basically lying about what was going
17 on with the period.

18 Q. Right. So your response to that information is
19 to go out and buy more. Why?

20 MR. MUELLER: Objection to the form of the 16:30:40
21 question.

22 THE WITNESS: Can you specify which -- which
23 accounts or which managers you're referring to?

24 BY MR. MARTIN:

25 Q. Do you have a recollection of trading CenturyLink 16:30:52

1 securities after the corrective disclosures alleged in
2 the Complaint?

3 A. I don't have a recollection, other than what is
4 maybe -- what's in this buy and sell report.

5 Q. Let's take a look at Exhibit 21 again. 16:31:07

6 A. Sure.

7 Q. Let's look at the last page. Last five entries.
8 Do these five entries reflect that Oregon State Treasury
9 employees were purchasing CenturyLink securities within
10 weeks of supposedly learning that the company was 16:31:44
11 engaged in a systematic fraud?

12 A. This report shows that the internal S&P 500
13 portfolio and risk premium portfolio did, in fact, buy
14 CenturyLink portfolios on those trade dates.

15 Q. And the trader on those trades would have been 16:32:04
16 you, correct?

17 A. Myself or one of my proxies, one of my investment
18 officers if I was gone that day.

19 Q. Right. So you testified that on June 16th, 2017
20 CenturyLink, "broke the trust of the investment 16:32:24
21 community." That's a quote.

22 And now, is it correct that within weeks you were
23 buying more CenturyLink stock?

24 MR. MUELLER: Object to the form of the
25 question. 16:32:37